

Memorandum

*Flex your power!
Be energy efficient!*

To: WALTER MENDA
Chief
Division of Equipment

Date: October 21, 2009

File: P3010-0616

ORIGINAL SIGNED BY:

From: GERALD A. LONG
Deputy Director
Audits and Investigations

Subject: FISMA Follow-up Review – Part IV, Division of Equipment

SUMMARY

Audits and Investigations (A&I) has completed a follow-up review of the issues identified in the report, "Audits of Internal Controls Pursuant to the Financial Integrity and State Manager's Accountability Act of 1983 (FISMA) for the 2006-2007 Cycle." This is part 4 of a 4 part follow-up review and covers findings related to the Division of Equipment (DOE) covered under the Procurement Subcycle (P3010-0603) section of the FISMA report. The purpose of this review was to determine whether corrective actions have been taken and the reported findings were sufficiently addressed.

The review covered the period of July 1, 2007, to present. Our review verified that corrective actions to the report findings involving the State fuel credit card program had been completed as stated by DOE in its 60-, 180-, and 360-day status reports. Specifically, we reviewed the revisions to the State fuel credit card policies/procedures, the monitoring and reporting process for lost/stolen State fuel credit cards, and the duties in place to order, receive, and approve card charges. We re-examined the State fuel credit card transaction activity in Shop 32, and the improvements made to the card review and certification process established for use by the 1,216 cost centers.

REVIEW RESULTS

Our review disclosed that some of the corrective actions have been completed. However, we identified the following, where the reported findings are not sufficiently addressed and/or where corrective actions were not fully completed:

1. The Department has too many All Valid Vehicle Use and Commercial Vehicle fuel credit cards with no activity.
2. The DOE has not completed corrective action nor implemented procedures to ensure that lost/stolen State fuel credit cards are centrally monitored by DOE and reported to A&I.

3. There is inadequate separation of duties over the ordering and receiving of State fuel credit cards and the approval of fuel card charges.
4. Voyager Monthly Purchase Report Authorization Forms are not reviewed/certified timely, and the individuals responsible for performing the review/certification for all the 1,216 cost centers have not been identified.

RECOMMENDATIONS

We recommend that DOE prepare a plan of action to ensure that:

1. A requirement is included in its procedures to review All Valid Vehicle Use and Commercial Vehicle fuel cards for inactivity and cancel cards that are in excess of need.
2. A requirement is included in its procedures to centrally monitor and report lost/stolen fuel cards to A&I.
3. The duties of ordering and receiving State fuel credit cards and the approval of fuel card charges are separated.
4. The review/certification of all fuel card charges is completed timely and the individuals responsible for performing the review/certification for all the 1,216 cost centers are identified.

Pursuant to FISMA (Government Code 13400-13407), the above deficiencies will continue to be reported to the Department of Finance. Please provide our office with status reports on the implementation of your audit finding dispositions 60, 180, and 360 days subsequent to the date of this letter. If all findings have not been corrected within 360 days, please continue to provide status reports every 180 days until the audit findings are fully resolved.

If you have any questions or need additional information, please call Laurine Bohamera, Chief, Internal Audits, at (916) 323-7107 or Kevin Yee, Audit Supervisor, at (916) 323-7929.

c: Randell H. Iwasaki, Director
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